

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, OCTOBER 20, 2010
10:00 A.M.**

DIRECTORS PRESENT:

John Anderson
Michael Camacho, Secretary
Terry Catlin, President
Gene Koopman

DIRECTOR ABSENT:

Angel Santiago, Vice President

STAFF PRESENT:

Thomas A. Love, Chief Executive Officer/General Manager
Martha Davis, Executive Manager of Policy Development
Patrick Shields, Executive Manager of Operations
Rosemary Alvarado, Supervising Contracts and Programs Administrator
Chris Berch, Manager of Planning & Environmental Compliance
Tina Cheng, Budget Officer
Michael Chung, Manager of Fiscal Management
Gabe DeSaddi, Manager of Construction Management
Sondra Elrod, Public Information Officer
Warren Green, Manager of Safety and Risk Management
Jason Gu, Grants Officer
Gina Hillary, Manager of Human Resources
Arturo Landeros, Accountant
Cameron Langner, Manager of Contracts & Procurement
Randy Lee, Manager of Operations
Mark Lopez, Training Officer
Suresh Malkani, Accounting Supervisor
Lisa Morgan-Perales, Water Resources Analyst II
Beth Olhasso, LT Water Resources Analyst I
Craig Parker, Manager of Engineering
Craig Proctor, Pretreatment and Source Control Supervisor
Ryan Shaw, Associate Engineer
Christina Valencia, Manager of Financial Planning
Robert Wallin, Contracts and Programs Administrator
Ernest Yeboah, Manager of Maintenance
Jamal Zughbi, Senior Engineer
April Woodruff, Board Secretary

OTHERS PRESENT:

Jack Allingham, Retiree
Doug Brown, Stradling Yocca Carlson & Rauth
Jean Cihigoyenetche, Cihigoyenetche, Grossberg & Clouse
Marsha Westropp, OCWD

A regular meeting of the Board of Directors of the Inland Empire Utilities Agency* was held at the office of the Agency, 6075 Kimball Avenue, Bldg. A., Chino, California on the above date.

President Catlin called the meeting to order at 10:09 a.m., and dispensed the pledge of allegiance to the flag. A quorum was present.

President Catlin stated that members of the public may address the Board. There was no one desiring to do so. President Catlin asked if there were any changes/additions/deletions to the agenda. There were no additions/ deletions to the agenda.

CONSENT CALENDAR

President Catlin asked if anyone wished to remove any item from the Consent Calendar. There was no one desiring to do so.

Director Koopman requested more information on Check #182420 in the amount of \$15,068.23, payable to Store It Mobile LLD for “modified storage container”, listed on page 25 of the Treasurer’s Report on General Disbursements. Staff responded that staff will research and respond back to Director Koopman.

Upon motion by Director Koopman seconded by Director Catlin, and unanimously carried:

M2010-10-3

MOVED, approval of the Consent Calendar.

- A. The Board approved the minutes from the October 6, Board meeting.
- B. The Board approved the Treasurer’s Report as submitted.
- C. The Board adopted the proposed Resolution No. 2010-10-6, to oppose Proposition 23, the “Initiative to Suspend AB 32, the Global Warming Act of 2006”, on the November 2010 ballot.

RESOLUTION NO. 2010-10-6

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, IN OPPOSITION OF PROPOSITION 23, “THE INITIATIVE TO SUSPEND AB 32, THE GLOBAL WARMING SOLUTIONS ACT OF 2006” ON THE NOVEMBER BALLOT (for full text, see Resolution Book).

D. The Board:

- 1. Adopted Resolution No. 2010-10-5, authorizing a substitute credit facility for its Variable Rate Demand Revenue Refunding Bonds (IEUA), Series 2008B, and approving the execution of certain documents;

RESOLUTION NO. 2010-10-5

RESOLUTION OF THE INLAND EMPIRE UTILITIES AGENCY AUTHORIZING A SUBSTITUTE CREDIT FACILITY FOR THE CHINO BASIN REGIONAL FINANCING AUTHORITY VARIABLE RATE DEMAND REVENUE REFUNDING BONDS (INLAND EMPIRE UTILITIES AGENCY), SERIES 2008B AND APPROVING THE EXECUTION OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH (for full text, see Resolution Book).

Continued...

M2010-10-3, continued.

2. Approved the Supplement to Official Statement substantially in the form on file with the Authority; and
3. Authorized the Chief Executive Officer/General Manager to execute contracts, deliver the Supplement to the Official Statement and authorize certain other matters in connection therewith.

E. The Board:

1. Accepted the work as performed by Tamang Electric as complete under the construction contract for the RP-5 Recycled Water Pump Station Expansion Phase I, Project No. EN10001; and
2. Authorized the Chief Executive Officer/General Manager to execute the Notice of Completion.

F. The Board:

1. Approved a commissioning services contract with ARUP to provide services for the commissioning of the New Main Laboratory, Project No. EN08009, for the not-to-exceed fee of \$143,800; and
2. Authorized the Chief Executive Officer/General Manager to finalize and execute the contract.

G. The Board:

1. Approved the sale of one (1) NRWS capacity unit to Starlite Reclamation Environmental Services, Inc.; and
2. Authorized the Chief Executive Officer/General Manager to execute the NRWS Capacity Right Agreement.

H. The Board:

1. Approved Sunkist Growers Inc.'s (Sunkist) request to relinquish sixteen (16) Non-Reclaimable Wastewater System (NRWS) capacity units; and
2. Required payment of \$38,658.24 for the NRWS capacity cancellation fee due by December 1, 2010.

- I. The Board adopted Resolution No. 2010-10-4, establishing revised monthly capacity charges, volumetric charges, excess strength charges, application fees and waste permit application fees for the Non-Reclaimable Wastewater System (NRWS) for Fiscal Year 2010/11.

Continued...

M2010-10-3, continued.

RESOLUTION NO. 2010-10-4
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING INITIAL AND MONTHLY CAPACITY CHARGES, VOLUMETRIC CHARGES, EXCESS STRENGTH CHARGES, CAPITAL IMPROVEMENT PROJECT (CIP) CHARGES, IEUA ADMINISTRATIVE CHARGES, APPLICATION AND WASTEWATER DISCHARGE PERMIT APPLICATION FEES FOR NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS) FOR FISCAL YEAR (for full text, see Resolution Book).

J. The Board:

1. Approved the award of Contract No. 4600000820 to Halcyon Electric, Inc. of Placentia, California, for the freeze protection improvements of the sodium bisulfite systems (SBS) at RP-5, Carbon Canyon WRF, and Prado Station for a firm-fixed price of \$159,000; and
2. Authorized the Chief Executive Officer/General Manager to execute the contract.

ACTION ITEMS

ADOPTION OF RESOLUTION NO. 2010-10-7, AND RESOLUTION NO. 2010-10-8, APPROVING THE PERSONNEL MANUALS FOR THE EXECUTIVE MANAGEMENT AND UNREPRESENTED EMPLOYEES

Manager of Human Resources, Gina Hillary, stated that staff has reviewed the personnel manuals for Executive Management and Unrepresented employees, and discussed the proposed revision with the Executive Management. She stated that staff is recommending that the Board adopt two (2) Resolutions approving the Personnel Manual for Executive Management Employees and the Personnel Manual for Unrepresented Employees, which will implement the personnel rules, regulations, and procedures. Ms. Hillary reviewed the substantive changes to the Agency's Personnel Manuals for both Executive Management and Unrepresented employees. She also reviewed substantive changes to the Agency's Personnel Manual affecting only Unrepresented employees. Ms. Hillary thanked Agency staff, Patrick Shields, Vivian Paek, and Mark Lopez for their efforts in identifying cost-saving revisions to the personnel rules, which are fair to the employees.

Upon motion by Director Koopman, seconded by Director Camacho, and unanimously carried:

M2010-10-4

MOVED, to adopt:

1. Resolution No. 2010-10-7, approving the Personnel Manual for Executive Management Employees; and

Continued...

M2010-10-4, continued.

RESOLUTION NO. 2010-10-7
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE PERSONNEL MANUAL FOR EXECUTIVE MANAGEMENT EMPLOYEES (for full text, see Resolution Book).

2. Resolution No. 2010-10-8, approving the Personnel Manual for Unrepresented Employees.

RESOLUTION NO. 2010-10-8
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE PERSONNEL MANUAL FOR UNREPRESENTED EMPLOYEES (for full text, see Resolution Book).

CONSULTING ENGINEERING SERVICES CONTRACT AWARD FOR THE HEADQUARTERS BUILDING CENTRAL PLANT IMPROVEMENTS, PROJECT NO. EN11010

Manager of Engineering, Craig Parker, gave a PowerPoint presentation on the Headquarters Building Central Plant Improvements, Project No. EN11010. He stated that the Central Plant is the system that supplies the chilled water and heated water to the Agency's Headquarters and Renewable Energy Efficiency Project building control room. Mr. Parker stated that the chilled water is a vital component that is used for the air conditioning system in both buildings and has not been operating at optimum efficiency. He further stated that the project will increase capacity, efficiency, reliability, and automation of the Central Plant to ensure optimum operation. Mr. Parker stated that this project includes: expanding the Central Plant to provide necessary chilled water to the Headquarters and new Laboratory building; expanding/improving the Central Plant to provide 100% redundancy for all equipment and systems, the use of two sources of energy for added flexibility and efficient energy utilization; and automating the system with state-of-the-art controls. He highlighted the proposals received, proposals evaluation, project cost summary, and project status/schedule.

Upon motion by Director Anderson, seconded by Director Camacho, and unanimously carried:

M2010-10-5

MOVED, to:

1. Approve the Consulting Engineering Services Contract Award for the Headquarters Central Plant Improvements, Project No. EN11010, to IDS Group for the not-to-exceed amount of \$255,000; and
2. Authorize the Chief Executive Officer/General Manager to finalize and execute the contract.

ADOPTION OF RESOLUTION NOS. 2010-10-1, 2010-10-2, AND 2010-10-3, IN SUPPORT OF THE STATE REVOLVING FUND (SRF) LOAN APPLICATION FOR THE CENTRAL AREA WINEVILLE RECYCLED WATER PIPELINE EXTENSION PROJECT

Grants Officer, Jason Gu, stated that the Wineville Recycled Water Pipeline Extension Project is an integral part of the Agency's Three-Year Recycled Water Business Plan approved by the Board to increase recycled water use. He stated that this pipeline will allow for the connection of several customers in the Cities of Ontario and Fontana and will also utilize the RP-3 Groundwater Recharge Basins recycled water. Mr. Gu stated that the Wineville Recycled Water Pipeline is eligible for the Clean Water SRF loan funding, and in accordance with the policy of the Clean Water State Revolving Fund for construction of wastewater treatment facilities, IEUA is required to provide the three resolutions.

Upon motion by Director Anderson, seconded by Director Koopman, and unanimously carried:

M2010-10-6

MOVED, to adopt:

1. Resolution No. 2010-10-1, authorizing the Chief Executive Officer/General Manager to execute financial assistance application and agreement on behalf of the Agency with the State Water Resources Control Board, for the design and construction of the Wineville Recycled Water Pipeline Extension Project; and

RESOLUTION NO. 2010-10-7

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING THE CHIEF EXECUTIVE OFFICER/GENERAL MANAGER TO EXECUTE ON BEHALF OF THE AGENCY, FINANCIAL ASSISTANCE APPLICATIONS TO AND AGREEMENTS WITH THE STATE WATER RESOURCES CONTROL BOARD, FOR THE DESIGN AND CONSTRUCTION OF THE CENTRAL AREA CAPITAL PROJECT: WINEVILLE RECYCLED WATER PIPELINE EXTENSION (for full text, see Resolution Book).

2. Resolution No. 2010-10-2, dedicating net revenues for the repayment of SRF financing from the State Water Resources Control Board for the Wineville Recycled Water Pipeline Extension Project; and

RESOLUTION NO. 2010-10-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, DEDICATING CERTAIN REVENUES FOR THE REPAYMENT OF STATE REVOLVING FUND (SRF) FINANCING FROM THE STATE WATER RESOURCES CONTROL BOARD (for full text, see Resolution Book).

3. Resolution No. 2010-10-3, establishing its intention to apply for and be reimbursed for expenditures related to the construction of the Wineville Recycled Water Pipeline Extension Project.

Continued...

M2010-10-6, continued.

**RESOLUTION NO. 2010-10-3
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, ESTABLISHING ITS INTENTION TO APPLY FOR
AN DBE REIMBURSED FOR EXPENDITURES RELATED TO THE
CONSTRUCTION OF PUBLIC FACILITIES AND IMPROVEMENT
RELATED TO THE CENTRAL AREA CAPITAL PROJECT:
WINEVILLE RECYCLED WATER PIPELINE EXTENSION (for full
text, see Resolution Book).**

INFORMATION ITEMS

AGENCY ORGANIZATIONAL STRUCTURE EVALUATION AND IMPLEMENTATION

Chief Executive Officer/General Manager, Thomas A. Love, stated that the recent changes in the Agency's management have provided an opportunity to evaluate the Agency's organizational structure, and identify potential improvements to achieve greater efficiency and effectiveness. He stated that Lillestand and Associates was retained to evaluate the past and current organizational structure, and recommend alternatives for improvement. Mr. Love reported that based on the evaluation, an organizational structure with fewer direct reports to the Chief Executive Officer/General Manager, clear delineation of authority, and no additional positions will be implemented. Mr. Love provided an organizational chart for the Board's review. Mr. Love also announced that Ms. Christina Valencia has been offered and accepted the Chief Financial Officer position.

SAWPA IMBALANCE ISSUE

Pretreatment and Source Control Supervisor, Craig Proctor, gave a PowerPoint presentation on the SAWPA Imbalance Issue. He highlighted the Santa Ana Regional Interceptor (SARI) Line and Connections, 2008 SAWPA study evaluating case of imbalance, and how SAWPA allocates imbalance amongst all users, the new tiered structure for trucks, SO-5 Historical Charges, Impact on Industrial Users based on July 2010 Data.

THE FOLLOWING INFORMATION ITEMS WERE RECEIVED AND FILED BY THE BOARD:

1st QUARTER PLANNING AND ENVIRONMENTAL COMPLIANCE UPDATE

CONTRACTS AND PROCUREMENT DEPARTMENT UPDATE

MAINTENANCE AND ENERGY REPORT

TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR AUGUST 2010

PUBLIC OUTREACH AND COMMUNICATIONS

LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES, LLC

LEGISLATIVE REPORT FROM THE DOLPHIN GROUP

IEUA MONTHLY WATER NEWSLETTER

FISCAL YEAR 2009/2010 BUILDING ACTIVITY SUMMARY AND TEN-YEAR GROWTH FORECAST

FY 2009/10 IEUA ANNUAL WATER CONSERVATION PROGRAMS REPORT

RECYCLED WATER PROGRAM UPDATE

AGENCY REPRESENTATIVES' REPORTS

SAWPA REPORT

President Catlin reported that the OWOW Project Portfolio was unanimously approved by the Commission. He stated that it took into consideration some comments made by some Agencies regarding how that first round of funding was to take place. President Catlin reported that essentially it will be allocated amongst 13 projects with a \$1 million cap. He also reported that SAWPA is planning three (3) workshops to gather input from the stakeholders so that they can improve the process for the next round.

MWD REPORT

Chief Executive Officer/General Manager, Thomas A. Love, reported that, on behalf of Director Santiago, that Director Santiago will be meeting with the newly elected Chairman Jack Foley next Tuesday (October 26) to offer his support for a smooth transition.

REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

The October meeting was cancelled.

CHINO BASIN WATERMASTER REPORT

Director Camacho reported that the Watermaster Board meeting was routine and straight forward.

CHIEF EXECUTIVE OFFICER/GENERAL MANAGER'S REPORT

The Chief Executive Officer/General Manager's Report was received and filed by the Board.

Chief Executive Officer/General Manager, Thomas A. Love, reported that he had a couple of meetings with representatives of Cadiz regarding available water on their property in the desert. He stated that apparently, at least two other agencies, Santa Margarita Water District and Three Valleys Water District, have signed on to participate in this project. He stated that there is some up front funding necessary to complete the environmental document and some engineering for the project, but the agreements are structured so as any money put up front for that effort, will be fully refundable. Mr. Love stated that he does not believe that IEUA is in a position to participate in the project; however, he will dialogue with the member agencies to see if there is any interest in securing additional water supply.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

The Board of Directors had no requested future agenda items.

DIRECTORS' COMMENTS

Director Anderson reported that he attended the Association of the San Bernardino County Special Districts Dinner meeting on October 18. Mr. Kyle Packham, Legislative Director at CSDA, gave an overview of CSDA's website, and addressed the hot legislative issues.

Director Koopman stated that he attended Director John Anderson's Retirement Dinner on October 14. He thanked Public Information Officer, Sondra Elrod, for her hard work in making it a very nice event.

President Catlin commented that he also attended Director John Anderson's Retirement Dinner, and congratulated Director Anderson on his retirement and thanked him for 32 years of service on the IEUA Board.

CLOSED SESSION

The Board went into closed session at 11:00 a.m., A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION: (1) IEUA vs. Mr. Anthony Maglica, Case No. RCV098354; (2) Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010; (3) Taisei-T&K Joint Venture vs. IEUA. Case No. CIVRS 914130 (4) Westco vs. IEUA, Case No. 37-2009-00108161-CU-BC-NC; (5) Martin vs. IEUA, Case No. CIVRS 1000767; B. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR: (1) Property: RP-1 Fuel Cell; Negotiating Parties: Biofuels Energy, LLC, UTS/HDR/Filanc, and Otto H. Rosentreter Co.; Under Negotiation: Price and Terms of Lease; (2) Property: Parcel on the northeast corner of El Prado and Flower; Negotiating Parties: The Carson Companies; Under Negotiation: Price and Terms of Sale; (3) Property: RP-5 SHF; Negotiating Parties: Environ Strategy; Under Negotiation: Terms of Lease; C. PURSUANT TO GOVERNMENT CODE SECTION 54957.6 – CONFERENCE WITH LABOR NEGOTIATOR: Meet and Confer Negotiations – General Unit and Operators’ Association; Negotiating Parties: Patrick Sheilds and Gina Hillary; D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS: 1. Chief Executive Officer/General Manager; 2. Manager of Internal Audit; 3. Board Secretary

The meeting resumed at 11:45 a.m. and General Counsel, Jean Cihigoyenette, stated that the below-mentioned matters were discussed in Closed Session, and the Board took the following actions:

Regarding Conference with Legal Counsel – Existing Litigation:

Taisei-T&K Joint Venture vs. IEUA, Case No. CIVRS 914130

The Board took no reportable action.

Regarding Conference with Legal Counsel – Existing Litigation:

IEUA vs. Mr. Anthony Maglica, Case No. RCV098354

Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010

Wesco vs. IEUA, Case No. 37-2009-00108161-CU-BC-NC

Martin vs. IEUA, Case No. CIVRS 1000767

The Board did not discuss these items.

Regarding Conference with Real Property Negotiator:

Property: RP-1 Fuel Cell

Negotiating Parties: Biofuels Energy, LLC, UTS/HD/Filanc, and Otto H. Rosentreter Co.
Under Negotiation: Price and Terms of Lease

Property: Parcel on the northeast corner of El Prado and Flower

Negotiating Parties: The Carson Companies
Under Negotiation: Price and Terms of Sale

Property: RP-5 SHF

Negotiating Parties: Environ Strategy
Under Negotiation: Terms of Lease;

The Board took no reportable action.

Regarding Conference with Labor Negotiator:

Meet and Confer Negotiations – General Unit and Operators' Association
Negotiating Parties: Patrick Sheilds and Gina Hillary

The Board took no reportable action.

Regarding Personnel Matters

Chief Executive Officer/General Manager
Manager of Internal Audit
Board Secretary

The Board did not discuss these items.

With no further business, President Catlin adjourned the meeting at 11:45.m.

Secretary

APPROVED: NOVEMBER 3, 2010